## ND PUBLIC EMPLOYEES RETIREMENT SYSTEM INVESTMENT PERFORMANCE REPORT AS OF JULY 31, 2003

| A  |                                 |   |        |        |               |         |            |         |         |
|--|---------------------------------|---|--------|--------|---------------|---------|------------|---------|---------|
| Allocation   |                                 |   |        |        |               | Current | Prior Year | 3 Years | 5 Years |
| Market Value   |                                 |   |        |        | Fiscal YTD    | FY03    | -1         |         |         |
| LARGE CAP DOMESTIC EQUITY  MilanceBrassian  25,164,965  2.2%  2.3%  3.53%  3.53%  1.48%  2.40%  2.40%  2.20%  2.20%  2.20%  3.52 |                                 | Market Value                            |        |        |               | Net DOD | Net DOD    |         |         |
| Russell 1000 Growth  STURCTURE Value  LSV  STURSELL 1000 Value  Enhanced Russell 1000 Index  LAC apital (Wilshire)  Russell 1000  51,716,882  4.5%  4.5%  4.5%  1.49%  1.49%  1.49%  1.49%  1.49%  1.49%  1.49%  1.49%  1.49%  1.49%  1.49%  1.49%  1.49%  1.99%  1.99%  1.99%  1.99%  1.99%  1.99%  1.99%  1.99%  1.99%  1.99%  1.99%  1.99%  1.99%  1.99%  1.99%  1.99%  1.99%  1.00%  1.00%  1.00%  1.0 |                                 | Market value                            | Actual | Policy | Net ROR       | Net KOK | Net ROR    | Net     | Net     |
| Survetured Value   LSY   Survey   Sur   | AllianceBernstein               | 25,164,965                              | 2.2%   | 2.3%   | 3.53%         | 3.53%   | -1.48%     | -20.46% | -5.64%  |
| Section   Sect   | Russell 1000 Growth             |   |        |        | 2.49%         | 2.49%   | 2.93%      | -21.55% | -5.04%  |
| Section   Sect   | Structured Value                |   |        |        |               |         |            |         |         |
| Russell 1000   Value   | LSV                             | 52.887.854                              | 4.7%   | 4.5%   | 1.21%         | 1.21%   | -2.05%     | 9.06%   | 3.95%   |
| Enhanced Russell 1000 Index   LA Capital (Wilshire)  | Russell 1000 Value              | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, |        |        |               |         | -1.02%     | -2.19%  | -0.17%  |
| LA Capital (Wilshire)  | Enhanced Pussell 1000 Index     |   |        |        |               |         |            |         |         |
| Russell 1000   |                                 | 51 716 882                              | 4 5%   | A 5%   | 1 61%         | 1 61%   | 1 08%      | N/A     | N/A     |
| Enhanced S&P 500 Index   48,910,953   4.3%   4.5%   1.73%   1.73%   0.28%   N/A   N/V  | . , ,                           | 31,710,002                              | 7.5 /0 | 7.5 /0 |               |         |            | -       |         |
| Northern Trust   48,910,953   4.3%   1.73%   1.73%   1.73%   1.73%   NA   NA   NA   NA   NA   NA   NA   N  |                                 |   |        |        | 1.3370        | 1.5570  | 0.3070     | IVA     | TV/A    |
| Strong   49,917.417   4.4%   4.5%   1.28%   1.28%   3.30%   NIA   NV   |                                 | 40.040.050                              | 4.00/  | . =0/  | 4 700/        | 4 700/  | 0.000/     |         |         |
| Westridge  |                                 |   |        |        |               |         |            |         |         |
| Total Enhanced S&P 500 Index  154,507,145  13.6%  13.6%  1.76%  1 | · ·                             |   |        |        |               |         |            |         |         |
| SAP 500  | <u> </u>                        |   |        |        |               |         |            |         |         |
| Sape      |                                 | 154,507,145                             | 13.6%  | 13.5%  |               |         |            | -       |         |
| State Street   |                                 |   |        |        | 1.76%         | 1.76%   | 0.24%      | N/A     | N/A     |
| S&P 500  |                                 |   |        |        |               |         |            |         |         |
| TOTAL LARGE CAP DOMESTIC EQUITY SAP 500  344,876,750  30.3%  30.0%  1.71%  1.76%  1.76%  0.49%  -9.68%  -2.32%  SMALL CAP DOMESTIC EQUITY Manager-of-Managers  SEI  127,811,075  11.2%  10.0%  6.11%  6.11%  6.11%  0.68%  NA  N/A  N/A  TOTAL SMALL CAP DOMESTIC EQUITY  127,811,075  11.2%  10.0%  6.11%  6.11%  6.6.1%  6.66%  6.26%  1.64%  1.76%  1. |                                 | 60,601,903                              | 5.3%   | 5.3%   |               |         |            |         | -1.58%  |
| SMALL CAP DOMESTIC EQUITY Manager-of-Managers SEI 127,811,075 11.2% 10.0% 6.11% 6.43% 6.46% 6.26 | S&P 500                         | ĺ                                       |        |        | 1.76%         | 1.76%   | 0.24%      | -11.20% | -1.61%  |
| SMALL CAP DOMESTIC EQUITY  | TOTAL LARGE CAP DOMESTIC EQUITY | 344.878.750                             | 30.3%  | 30.0%  | 1.71%         | 1.71%   | 0.49%      | -9.68%  | -2.32%  |
| Manager of Managers  |                                 | ,,                                      |        |        |               |         |            |         | -1.61%  |
| Manager of Managers  |                                 |   |        |        |               |         |            |         |         |
| 127,811,075   11.2%   10.0%   6.11%   6.13%   0.68%   NIA   NIA NIZ  | SMALL CAP DOMESTIC EQUITY       |   |        |        |               |         |            |         |         |
| 127,811,075   11.2%   10.0%   6.11%   6.13%   0.68%   NIA   NIA NIZ  | Manager-of-Managers             |   |        |        |               |         |            |         |         |
| TOTAL SMALL CAP DOMESTIC EQUITY Russell 2000 127,811,075 11.2% 10.0% 6.11% 6.26% 6.26% -1.64% -3.37% -0.65% Russell 2000 6.26% 6.26% -1.64% -3.30% 0.97% 0.9 |                                 | 127,811,075                             | 11.2%  | 10.0%  | 6.11%         | 6.11%   | 0.68%      | N/A     | N/A     |
| TOTAL SMALL CAP DOMESTIC EQUITY Russell 2000 127,811,075 11.2% 10.0% 6.11% 6.26% 6.26% -1.64% -3.37% -0.65% Russell 2000 6.26% 6.26% -1.64% -3.30% 0.97% 0.9 |                                 | ,. ,                                    |        |        |               |         |            | N/A     | N/A     |
| Russell 2000   6.26%   6.26%   -1.64%   -3.30%   0.97%     INTERNATIONAL EQUITY   Large Cap - Core     State Street   24,588,125   2.2%   2.0%   2.87%   -9.96%   -13.28%   -4.72%     MSCI EAFE - 50% Hedged   3.28%   3.28%   -11.24%   -14.65%   -4.18%     Large Cap - Active   Capital Guardian   59,869,732   5.3%   5.0%   4.37%   4.37%   -11.30%   -14.96%   0.47%     Bank of Ireland   11,544,195   1.0%   1.0%   0.97%   0.97%   -10.28%   N/A   N/A     Total Large Cap - Active   71,413,926   6.3%   6.0%   3.81%   3.81%   -11.12%   -14.65%   -4.18%     Small Cap - Active   12,797,124   1.1%   1.0%   2.04%   2.04%   -11.24%   -14.65%   -4.18%     Small Cap - Active   12,797,124   1.1%   1.0%   2.04%   4.63%   4.63%   5.97%   N/A   N/A     Wellington   12,594,365   1.1%   1.0%   3.26%   3.36%   1.75%   N/A   N/A     Total Small Cap - Active   25,391,489   2.2%   2.0%   3.36%   3.36%   1.75%   N/A   N/A     Total Small Cap - Active   25,391,489   2.2%   2.0%   3.28%   3.28%   -11.24%   -14.65%   -4.18%     EMERGING MARKETS EQUITY   121,393,540   10.7%   10.0%   3.52%   3.28%   3.28%   -11.24%   -14.65%   -4.18%     EMERGING MARKETS EQUITY   21,393,540   10.7%   10.0%   3.52%   3.28%   -11.24%   -14.65%   -4.18%     EMERGING MARKETS EQUITY   22,393,540   10.7%   10.0%   3.52%   3.28%   -11.24%   -14.65%   -4.18%     EMERGING MARKETS EQUITY   22,393,540   10.7%   10.0%   3.52%   3.28%   -11.24%   -14.65%   -4.18%     EMERGING MARKETS EQUITY   22,393,540   10.7%   10.0%   3.52%   3.36%   10.39%   10.07%   7.54%     EMERGING MARKETS EQUITY   24,400,860   2.6%   3.1%   -4.59%   -4.59%   13.42%   11.88%   8.58%     EMERGING MARKETS EQUITY   30,085,086   2.6%   3.1%   -4.59%   -4.59%   13.42%   11.88%   8.58%     EMERGING MARKETS EQUITY   30,085,086   2.6%   3.1%   -4.59%   -4.59%   13.42%   11.88%   8.58%     EMERGING MARKETS EQUITY   30,085,086   2.6%   3.1%   -4.59%   -4.59%   13.42%   11.88%   8.58%     EMERGING MARKETS EQUITY   30,085,086   2.6%   3.1%   -4.59%   -4.39%   10.09%   10.07%   7.54%     EMERGING MARKETS EQ   |                                 | 127 011 075                             | 11 20/ | 10.00/ |               |         |            | 2 270/  | 0.659/  |
| NTERNATIONAL EQUITY   Large Cap - Core   State Street   24,588,125   2.2%   2.0%   2.87%   3.28%   -11.24%   -14.65%   -4.18%   -4.72%   -4.18%     |                                 | 127,011,075                             | 11.270 | 10.0%  |               |         |            |         |         |
| MSCI EAFE - 50% Hedged   S.28%   3.28%   -11.24%   -14.65%   -4.18%  | INTERNATIONAL EQUITY            |   |        |        |               |         |            |         |         |
| Large Cap - Active Capital Guardian 59,869,732 5.3% 5.0% 4.37% 4.37% -11.30% -14.96% 0.47% Bank of Ireland 11,544,195 1.0% 1.0% 0.97% 0.97% -10.28% N/A N/I Total Large Cap - Active 71,413,926 6.3% 6.0% 3.28% 3.28% -11.24% -14.65% -4.18%  Small Cap - Active Lazard 12,797,124 1.1% 1.0% 2.04% 2.04% 2.04% 4.63% 5.97% N/A N/I Total Small Cap - Active 25,391,489 2.2% 2.0% 3.36% 3.28% 3.28% 1.75% N/A N/I Total Small Cap - Active Lazard 12,797,124 1.1% 1.0% 1.0% 1.0% 1.0% 1.0% 1.0% 1.0%  | State Street                    | 24,588,125                              | 2.2%   | 2.0%   |               |         |            | -13.28% | -4.72%  |
| Capital Guardian         59,869,732         5.3%         5.0%         4.37%         4.37%         -11.30%         -14.96%         0.47%           Bank of Ireland         11,544,195         1.0%         1.0%         0.97%         0.97%         10.28%         N/A  | MSCI EAFE - 50% Hedged          |   |        |        | 3.28%         | 3.28%   | -11.24%    | -14.65% | -4.18%  |
| Bank of Ireland  | Large Cap - Active              |   |        |        |               |         |            |         |         |
| Total Large Cap - Active   71,413,926   6.3%   6.0%   3.81%   3.81%   -11.12%   -14.58%   0.74%   MSCI EAFE - 50% Hedged   3.28%   3.28%   -11.24%   -14.65%   -4.18%   Small Cap - Active   Lazard   12,797,124   1.1%   1.0%   2.04%   2.04%   2.32%   N/A   N/A   N/A   Wellington   12,594,365   1.1%   1.0%   4.63%   4.63%   5.97%   N/A   | Capital Guardian                | 59,869,732                              | 5.3%   | 5.0%   | 4.37%         | 4.37%   | -11.30%    | -14.96% | 0.47%   |
| MSCI EAFE - 50% Hedged   3.28%   3.28%   -11.24%   -14.65%   -4.18%  | Bank of Ireland                 | 11,544,195                              | 1.0%   | 1.0%   | 0.97%         | 0.97%   | -10.28%    | N/A     | N/A     |
| Small Cap - Active   | Total Large Cap - Active        | 71,413,926                              | 6.3%   | 6.0%   | 3.81%         | 3.81%   | -11.12%    | -14.58% | 0.74%   |
| Lazard   12,797,124   1.1%   1.0%   2.04%   2.04%   -2.32%   N/A   | MSCI EAFE - 50% Hedged          |   |        |        | 3.28%         | 3.28%   | -11.24%    | -14.65% | -4.18%  |
| Lazard   12,797,124   1.1%   1.0%   2.04%   2.04%   -2.32%   N/A   |                                 |   |        |        |               |         |            |         |         |
| Wellington   | •                               | 12 707 124                              | 1 10/  | 1 00/  | 2 0.49/       | 2.04%   | -2 220/    | NI/A    | N/A     |
| Total Small Cap - Active   25,391,489   2.2%   2.0%   3.36%   3.36%   3.36%   3.20%   3.91%   N/A      |                                 |   |        |        |               |         |            |         |         |
| 3.20%   3.20%   3.91%   N/A   N/A  | -                               |   |        |        |               |         |            |         |         |
| TOTAL INTERNATIONAL EQUITY  MSCI EAFE - 50% Hedged  EMERGING MARKETS EQUITY  Capital Guardian  MSCI Emerging Markets Free  59,794,202  5.3%  5.0%  5.63%  5.63%  7.15%  -10.61%  1.62%  MSCI Emerging Markets Free  DOMESTIC FIXED INCOME  Core Bond  Western Asset  10.0%   |                                 | 25,551,405                              | 2.2 /0 | 2.0 /0 |               |         |            | -       |         |
| ## MSCI EAFE - 50% Hedged ## 3.28% 3.28% -11.24% -14.65% -4.18% - | •                               |   |        |        |               |         |            |         |         |
| EMERGING MARKETS EQUITY  Capital Guardian  59,794,202  5.3%  5.0%  5.63%  7.15%  -10.61%  1.62%  MSCI Emerging Markets Free  6.26%  6.26%  6.26%  6.96%  -7.07%  2.49%  DOMESTIC FIXED INCOME  Core Bond  Western Asset  Lehman Aggregate  30,085,086  2.6%  3.1%  -4.59%  -4.59%  13.42%  11.88%  8.58%  Active Duration  WestAM (Criterion)  2.6%  30,028,221  2.6%  -1.4%  -3.36%  -3.36%  3.70%  -3.36%  3.70%  9.93%  9.39%  6.85%  10.39%  10.07%  7.54%  Index  Index  Bank of ND  Bank of ND  49,460,860  4.4%  4.8%  4.8%  -4.32%  12.59%  11.06%  7.79%  Bank of ND Match Loan CD Program  13,806,849  1.2%  1.2%  1.2%  0.48%  5.83%  5.84%  5.85%  Total Index  3.18%  10.77%  10.08%  7.44%   |                                 | 121,393,540                             | 10.7%  | 10.0%  |               |         |            |         |         |
| Capital Guardian         59,794,202         5.3%         5.0%         5.63%         7.15%         -10.61%         1.62%           MSCI Emerging Markets Free         6.26%         6.26%         6.26%         6.96%         -7.07%         2.49%           DOMESTIC FIXED INCOME         Core Bond         Western Asset         30,085,086         2.6%         3.1%         -4.59%         -4.59%         13.42%         11.88%         8.58%           Lehman Aggregate         -3.36%         -3.36%         -3.36%         10.39%         10.07%         7.54%           Lehman Aggregate         -3.36%         -1.4%         -3.70%         -3.70%         9.93%         9.39%         6.85%           Index         Bank of ND         49,460,860         4.4%         4.8%         -4.32%         -4.32%         12.59%         11.06%         7.79%           Bank of ND Match Loan CD Program         13,806,849         1.2%         1.2%         0.48%         5.83%         5.84%         5.85%           Total Index         63,267,709         5.6%         6.0%         -3.18%         -3.18%         10.07%         10.08%         7.44%  | MSCI EAFE - 50% Hedged          |   |        |        | 3.28%         | 3.28%   | -11.24%    | -14.65% | -4.18%  |
| Capital Guardian         59,794,202         5.3%         5.0%         5.63%         7.15%         -10.61%         1.62%           MSCI Emerging Markets Free         6.26%         6.26%         6.26%         6.96%         -7.07%         2.49%           DOMESTIC FIXED INCOME         Core Bond         Western Asset         30,085,086         2.6%         3.1%         -4.59%         -4.59%         13.42%         11.88%         8.58%           Lehman Aggregate         -3.36%         -3.36%         -3.36%         10.39%         10.07%         7.54%           Lehman Aggregate         -3.36%         -1.4%         -3.70%         -3.70%         9.93%         9.39%         6.85%           Index         Bank of ND         49,460,860         4.4%         4.8%         -4.32%         -4.32%         12.59%         11.06%         7.79%           Bank of ND Match Loan CD Program         13,806,849         1.2%         1.2%         0.48%         5.83%         5.84%         5.85%           Total Index         63,267,709         5.6%         6.0%         -3.18%         -3.18%         10.07%         10.08%         7.44%  | EMERGING MARKETS FOURTY         |   |        |        |               |         |            |         |         |
| MSCI Emerging Markets Free       6.26%       6.26%       6.96%       -7.07%       2.49%         DOMESTIC FIXED INCOME         Core Bond       Western Asset       30,085,086       2.6%       3.1%       -4.59%       -4.59%       13.42%       11.88%       8.58%         Lehman Aggregate       -3.36%       -3.36%       10.39%       10.07%       7.54%         Active Duration       WestAM (Criterion)       30,028,221       2.6%       -1.4%       -3.70%       -3.70%       9.93%       9.39%       6.85%         Lehman Aggregate       -3.36%       -3.36%       10.39%       10.07%       7.54%         Index       Index       49,460,860       4.4%       4.8%       -4.32%       -4.32%       12.59%       11.06%       7.79%         Bank of ND       49,460,860       4.4%       4.8%       -4.32%       -4.32%       12.59%       11.06%       7.79%         Bank of ND Match Loan CD Program       13,806,849       1.2%       1.2%       0.48%       0.48%       5.83%       5.84%       5.85%         Total Index       63,267,709       5.6%       6.0%       -3.18%       -3.18%       10.77%       10.08%       7.44%  |                                 | <b>50 50 1 000</b>                      | = 00/  | = 00/  | <b>=</b> 000/ | - aaa/  | = 4=0/     | 10.010/ | 4 000/  |
| DOMESTIC FIXED INCOME Core Bond Western Asset  Jone 2.6%  Jone 2.6 | •                               | 59,794,202                              | 5.3%   | 5.0%   |               |         |            |         | ,       |
| Core Bond         Western Asset         30,085,086         2.6%         3.1%         -4.59%         -4.59%         13.42%         11.88%         8.58%           Lehman Aggregate         -3.36%         -3.36%         -3.36%         10.39%         10.07%         7.54%           Active Duration         WestAM (Criterion)         30,028,221         2.6%         -1.4%         -3.70%         -3.70%         9.93%         9.39%         6.85%           Lehman Aggregate         -3.36%         -3.36%         10.39%         10.07%         7.54%           Index         Bank of ND         49,460,860         4.4%         4.8%         -4.32%         -4.32%         12.59%         11.06%         7.79%           Bank of ND Match Loan CD Program         13,806,849         1.2%         1.2%         0.48%         5.83%         5.84%         5.85%           Total Index         63,267,709         5.6%         6.0%         -3.18%         -3.18%         10.77%         10.08%         7.44%  | MSCI Emerging Markets Free      |   |        |        | 6.26%         | 6.26%   | 6.96%      | -7.07%  | 2.49%   |
| Core Bond         Western Asset         30,085,086         2.6%         3.1%         -4.59%         -4.59%         13.42%         11.88%         8.58%           Lehman Aggregate         -3.36%         -3.36%         -3.36%         10.39%         10.07%         7.54%           Active Duration         WestAM (Criterion)         30,028,221         2.6%         -1.4%         -3.70%         -3.70%         9.93%         9.39%         6.85%           Lehman Aggregate         -3.36%         -3.36%         10.39%         10.07%         7.54%           Index         Bank of ND         49,460,860         4.4%         4.8%         -4.32%         -4.32%         12.59%         11.06%         7.79%           Bank of ND Match Loan CD Program         13,806,849         1.2%         1.2%         0.48%         5.83%         5.84%         5.85%           Total Index         63,267,709         5.6%         6.0%         -3.18%         -3.18%         10.77%         10.08%         7.44%  | DOMESTIC FIVED INCOME           |   |        |        |               |         |            |         |         |
| Western Asset         30,085,086         2.6%         3.1%         -4.59%         -4.59%         13.42%         11.88%         8.58%           Lehman Aggregate         -3.36%         -3.36%         -3.36%         10.39%         10.07%         7.54%           Active Duration           WestAM (Criterion)         30,028,221         2.6%         -1.4%         -3.70%         -3.70%         9.93%         9.39%         6.85%           Lehman Aggregate         -3.36%         -3.36%         10.39%         10.07%         7.54%           Index         88nk of ND         49,460,860         4.4%         4.8%         -4.32%         -4.32%         12.59%         11.06%         7.79%           Bank of ND Match Loan CD Program         13,806,849         1.2%         1.2%         0.48%         5.83%         5.84%         5.85%           Total Index         63,267,709         5.6%         6.0%         -3.18%         10.77%         10.08%         7.44%   |                                 | ĺ                                       |        |        |               |         |            |         |         |
| Lehman Aggregate     -3.36%     -3.36%     10.39%     10.07%     7.54%       Active Duration     WestAM (Criterion)     30,028,221     2.6%     -1.4%     -3.70%     -3.70%     9.93%     9.39%     6.85%       Lehman Aggregate     -3.36%     -3.36%     10.39%     10.07%     7.54%       Index     10.06%     10.39%     10.07%     7.54%       Bank of ND     49,460,860     4.4%     4.8%     -4.32%     -4.32%     12.59%     11.06%     7.79%       Bank of ND Match Loan CD Program     13,806,849     1.2%     1.2%     0.48%     5.83%     5.84%     5.85%       Total Index     63,267,709     5.6%     6.0%     -3.18%     -3.18%     10.77%     10.08%     7.44%   |                                 | 30 005 000                              | 2 60/  | 2 40/  | _4 E00/       | _/ E00/ | 12 420/    | 14 000/ | 0 E01/  |
| Active Duration         30,028,221         2.6%         -1.4%         -3.70%         -3.70%         9.93%         9.39%         6.85%           Lehman Aggregate         -3.36%         -3.36%         10.39%         10.07%         7.54%           Index         Index         8ank of ND         49,460,860         4.4%         4.8%         -4.32%         -4.32%         12.59%         11.06%         7.79%           Bank of ND Match Loan CD Program         13,806,849         1.2%         1.2%         0.48%         5.83%         5.84%         5.85%           Total Index         63,267,709         5.6%         6.0%         -3.18%         -3.18%         10.77%         10.08%         7.44%  |                                 | 30,000,000                              | 2.0%   | 3.1%   |               |         |            |         |         |
| WestAM (Criterion)         30,028,221         2.6%         -1.4%         -3.70%         -3.70%         9.93%         9.39%         6.85%           Lehman Aggregate         -3.36%         -3.36%         10.39%         10.07%         7.54%           Index         Index         8         -4.32%         -4.32%         12.59%         11.06%         7.79%           Bank of ND Match Loan CD Program         13,806,849         1.2%         1.2%         0.48%         5.83%         5.84%         5.85%           Total Index         63,267,709         5.6%         6.0%         -3.18%         10.77%         10.08%         7.44%  |                                 | ĺ                                       |        |        | -3.30%        | -3.30%  | 10.39%     | 10.07%  | 7.54%   |
| Lehman Aggregate     -3.36%     -3.36%     10.39%     10.07%     7.54%       Index     Bank of ND     49,460,860     4.4%     4.8%     -4.32%     -4.32%     12.59%     11.06%     7.79%       Bank of ND Match Loan CD Program     13,806,849     1.2%     1.2%     0.48%     5.83%     5.83%     5.85%       Total Index     63,267,709     5.6%     6.0%     -3.18%     -3.18%     10.77%     10.08%     7.44%  |                                 |   |        |        |               |         |            |         |         |
| Index         49,460,860         4.4%         4.8%         -4.32%         -4.32%         12.59%         11.06%         7.79%           Bank of ND Match Loan CD Program         13,806,849         1.2%         1.2%         0.48%         5.83%         5.84%         5.85%           Total Index         63,267,709         5.6%         6.0%         -3.18%         -3.18%         10.77%         10.08%         7.44%  | ,                               | 30,028,221                              | 2.6%   | -1.4%  |               |         |            |         | 6.85%   |
| Bank of ND     49,460,860     4.4%     4.8%     -4.32%     -4.32%     12.59%     11.06%     7.79%       Bank of ND Match Loan CD Program     13,806,849     1.2%     1.2%     0.48%     5.83%     5.83%     5.84%     5.85%       Total Index     63,267,709     5.6%     6.0%     -3.18%     10.77%     10.08%     7.44%  | Lehman Aggregate                | ĺ                                       |        |        | -3.36%        | -3.36%  | 10.39%     | 10.07%  | 7.54%   |
| Bank of ND     49,460,860     4.4%     4.8%     -4.32%     -4.32%     12.59%     11.06%     7.79%       Bank of ND Match Loan CD Program     13,806,849     1.2%     1.2%     0.48%     5.83%     5.83%     5.84%     5.85%       Total Index     63,267,709     5.6%     6.0%     -3.18%     10.77%     10.08%     7.44%  | Index                           | ĺ                                       |        |        |               |         |            |         |         |
| Bank of ND Match Loan CD Program     13,806,849     1.2%     1.2%     0.48%     5.83%     5.84%     5.85%       Total Index     63,267,709     5.6%     6.0%     -3.18%     -3.18%     10.77%     10.08%     7.44%   |                                 | 49,460.860                              | 4.4%   | 4.8%   | -4.32%        | -4.32%  | 12.59%     | 11.06%  | 7.79%   |
| Total Index 63,267,709 5.6% 6.0% -3.18% -3.18% 10.77% 10.08% 7.44%   |                                 |   |        |        |               |         |            |         | 5.85%   |
|  |                                 |   |        |        |               |         |            |         | 7.44%   |
|  |                                 |   |        |        |               |         | 13.15%     | 10.82%  | 7.83%   |

## ND PUBLIC EMPLOYEES RETIREMENT SYSTEM INVESTMENT PERFORMANCE REPORT AS OF JULY 31, 2003

|  |   |                  |         |                  | Current                 | Prior Year       | 3 Years          | 5 Years          |
|--|---|------------------|---------|------------------|-------------------------|------------------|------------------|------------------|
|  |   | July-03          | · · · · | Marrette         | Fiscal YTD              | FY03             | Ended            | Ended            |
|  | Market Value                            | Alloca<br>Actual | Policy  | Month<br>Net ROR | Net ROR                 | Net ROR          | 6/30/2003<br>Net | 6/30/2003<br>Net |
|  | Market value                            | Actual           | FUILLY  | Net NON          | Net KOK                 | Net KOK          | Net              | ivet             |
| Convertibles<br>TCW  | 34 606 940                              | 3.0%             | 3.1%    | 1.25%            | 1.25%                   | 10.37%           | -9.08%           | N/A              |
| First Boston Convertible Index                                 | 34,606,849                              | 3.0%             | 3.170   | 0.45%            | 0.45%                   | 15.35%           | -3.81%           | N/A              |
|  |   |                  |         | 0.4070           | 0.4070                  | 10.5570          | -3.0170          | 17/2             |
| BBB Average Quality  | 31,033,683                              | 2.7%             | 3.1%    | -4.58%           | -4.58%                  | 14.81%           | 10.35%           | N/A              |
| Strong<br>Lehman BBB   | 31,033,003                              | 2.170            | 3.170   | -4.49%           | -4.49%                  | 18.33%           | 9.91%            | N/A<br>N/A       |
|  |   |                  |         | 4.4070           | 4.4070                  | 70.0070          | 0.0170           | 7071             |
| Timberland Evergreen (Wachovia)                                | 64,880,372                              | 5.7%             | 5.7%    | -0.05%           | -0.05%                  | 12.50%           | N/A              | N/A              |
| Evergreen (wachovia)   | 04,000,372                              | J.1 /0           | J.1 /0  | -0.03 /6         | -0.03 /8                | 12.30 /0         | N/A              | N/A              |
| TOTAL DOMESTIC FIVED INCOME                                    | 050 004 040                             | 00.00/           | 0.4.00/ | 0.040/           | 0.049/                  | 44.000/          |                  |                  |
| TOTAL DOMESTIC FIXED INCOME                                    | 253,901,919                             | 22.3%            | 24.0%   | -2.24%           | <b>-2.24%</b><br>-3.36% | 11.62%           | 6.95%            | 6.77%            |
| Lehman Aggregate   |   |                  |         | -3.36%           | -3.30%                  | 10.39%           | 10.07%           | 7.54%            |
| HIGH YIELD BONDS   |   |                  |         |                  |                         |                  |                  |                  |
| Western Asset  | 59,271,982                              | 5.2%             | 5.0%    | -1.79%           | -1.79%                  | 20.04%           | 2.51%            | 4.15%            |
| Lehman High Yield Bond Index                                   | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, |                  |         | -1.10%           | -1.10%                  | 22.77%           | 5.44%            | 2.66%            |
| Ç  |   |                  |         |                  |                         |                  |                  |                  |
| INTERNATIONAL FIXED INCOME                                     |   |                  |         |                  |                         |                  |                  |                  |
| International Sovereign  |   |                  |         |                  |                         |                  |                  |                  |
| UBS Global (Brinson)   | 26,655,508                              | 2.3%             | 2.5%    | -2.51%           | -2.51%                  | 18.20%           | 8.47%            | 5.93%            |
| Citigroup Non-US Gov't Bond Index (1)                          |   |                  |         | -2.59%           | -2.59%                  | 17.91%           | 8.10%            | 6.29%            |
| International Core   |   |                  |         |                  |                         |                  |                  |                  |
| Brandywine   | 26,467,052                              | 2.3%             | 2.5%    | -2.49%           | -2.49%                  | N/A              | N/A              | N/A              |
| Lehman Global Aggregate (ex-US)                                |   |                  |         | -2.59%           | -2.59%                  | N/A              | N/A              | N/A              |
| TOTAL INTERNATIONAL FIXED INCOME                               | 53,122,560                              | 4.7%             | 5.0%    | -2.49%           | -2.49%                  | 17.83%           | 8.36%            | 5.86%            |
| Citigroup Non-US Gov't Bond Index (1)                          |   |                  |         | -2.59%           | -2.59%                  | 17.91%           | 8.10%            | 6.29%            |
|  |   |                  |         |                  |                         |                  |                  |                  |
| REAL ESTATE  | 27 720                                  |                  |         | 0.000/           | 0.000/                  | 40.000/          | F 700/           | 0.420/           |
| JMB<br>INVESCO   | 37,739                                  |                  |         | 0.00%<br>-0.02%  | 0.00%<br>-0.02%         | -18.62%<br>8.15% | -5.76%<br>8.00%  | 0.42%<br>7.69%   |
| J.P. Morgan  | 26,831,202<br>30,979,167                |                  |         | 0.46%            | 0.46%                   | 7.80%            | 7.36%            | 10.23%           |
| TOTAL REAL ESTATE  | 57,848,109                              | 5.1%             | 5.0%    | 0.21%            | 0.21%                   | 7.97%            | 7.69%            | 9.00%            |
| NCREIF TOTAL INDEX   | 01,010,100                              | 0,0              | 0.070   | 0.69%            | 0.69%                   | 7.42%            | 8.44%            | 10.11%           |
|  |   |                  |         |                  |                         |                  |                  |                  |
| ALTERNATIVE INVESTMENTS  |   |                  |         |                  |                         |                  |                  |                  |
| Brinson IVCF II  | 274,823                                 |                  |         | 0.00%            | 0.00%                   | -7.44%           | -23.62%          | 10.02%           |
| Coral Partners II  | 462,502                                 |                  |         | 0.00%            | 0.00%                   | 10.56%           | -36.34%          | -15.79%          |
| Coral Partners V   | 10,116,377                              |                  |         | 0.00%            | 0.00%                   | -22.52%          | -20.83%          | -9.87%           |
| Coral Partners V - Supplemental                                | 526,280                                 |                  |         | 0.00%            | 0.00%                   | -28.36%          | N/A              | N/A              |
| Coral Partners VI  | 1,646,667                               |                  |         | 0.00%            | 0.00%<br>0.00%          | N/A<br>-14.73%   | N/A<br>-11.35%   | N/A<br>1.31%     |
| Brinson 1998 Partnership Fund<br>Brinson 1999 Partnership Fund | 1,774,062<br>2,258,812                  |                  |         | 0.00%<br>0.00%   | 0.00%                   | -14.73%          | -14.42%          | N/A              |
| Brinson 2000 Partnership Fund                                  | 3,642,953                               |                  |         | 0.00%            | 0.00%                   | -13.99%          | -9.08%           | N/A              |
| Brinson 2001 Partnership Fund                                  | 1,256,870                               |                  |         | 0.00%            | 0.00%                   | -5.98%           | N/A              | N/A              |
| Brinson 2002 Partnership Fund                                  | 761,203                                 |                  |         | 0.00%            | 0.00%                   | 9.08%            | N/A              | N/A              |
| Brinson 2003 Partnership Fund                                  | 85,757                                  |                  |         | 0.00%            | 0.00%                   | N/A              | N/A              | N/A              |
| Brinson 1999 Non-US Partnership Fund                           | 1,235,156                               |                  |         | 0.00%            | 0.00%                   | 13.12%           | 2.21%            | N/A              |
| Brinson 2000 Non-US Partnership Fund                           | 1,190,155                               |                  |         | 0.00%            | 0.00%                   | 9.50%            | -1.63%           | N/A              |
| Brinson 2001 Non-US Partnership Fund                           | 780,746                                 |                  |         | 0.00%            | 0.00%                   | -0.41%           | N/A              | N/A              |
| Brinson 2002 Non-US Partnership Fund                           | 1,119,709                               |                  |         | 0.00%            | 0.00%                   | 5.34%            | N/A              | N/A              |
| Brinson 2003 Non-US Partnership Fund                           | 75,571                                  |                  |         | 0.00%            | 0.00%                   | N/A              | N/A              | N/A              |
| Brinson BVCF IV  | 6,096,015<br>12,392,954                 |                  |         | 0.00%<br>0.00%   | 0.00%<br>0.00%          | -14.64%<br>N/A   | -18.80%<br>N/A   | N/A<br>N/A       |
| Matlin Patterson Global Opportunities InvestAmerica            | 812,819                                 |                  |         | 0.00%            | 0.00%                   | -12.50%          | N/A<br>N/A       | N/A<br>N/A       |
| Hearthstone  | 3,119,423                               |                  |         | 0.00%            | 0.00%                   | 28.98%           | 13.57%           | N/A              |
| TOTAL ALTERNATIVE INVESTMENTS (2)                              | 49,628,855                              | 4.4%             | 5.0%    | 0.00%            | 0.00%                   | -9.65%           | -13.02%          | 0.04%            |
| Post Venture Capital Index                                     | .,,                                     |                  |         | 7.10%            | 7.10%                   | 19.78%           | -29.84%          | -8.37%           |
| •  |   |                  |         |                  |                         |                  |                  |                  |
| CASH EQUIVALENTS   |   |                  |         |                  |                         |                  |                  |                  |
| Northern Trust STIF/STEP                                       | 9,161,279                               | 0.8%             | 1.0%    | 0.11%            | 0.11%                   | 1.84%            | 3.33%            | 4.22%            |
| 90 Day T-Bill  |   |                  |         | 0.07%            | 0.07%                   | 1.52%            | 3.33%            | 4.07%            |
| TOTAL FUND   | 1,136,812,271                           | 100.00%          | 100 00% | 1.10%            | 1.10%                   | 5.46%            | -1.91%           | 2.68%            |
| POLICY TARGET BENCHMARK  | 1,130,012,271                           | 100.00%          | 100.00% | 1.10%            | 1.10%                   | 6.20%            | -1.91%<br>-2.13% | 2.83%            |
| I OLIOT TANGLI DLIVONIVIANN                                    | L                                       |                  |         | 1.19%            | 1.19%                   | 0.20%            | -2.13%           | 2.03%            |

NOTE: Monthly returns and market values are preliminary and subject to change.

<sup>(1)</sup> Previously this benchmark was titled Salomon Brothers Non-US Gov't Bond Index.